

**Phillip Lord**

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To: Kevin Hannon/Enron Communications@Enron Communications  
cc:  
Subject: Revised Plan II

Kevin, we have taken a long look at the suggested changes and I think in the absolute best case (before considering the impact of a structured transaction to reduce depreciation) we could cut out about \$170 million. This amount is based on some pretty aggressive assumptions including stretching depreciable lives on equipment from five to ten years, transferring all the suggested functions to Corp. and receiving only \$5 million in chargebacks (including Networks charge), and transferring all computer equipment and furniture and fixtures to Networks and Corp., respectively. It also assumes Kelly's group consists of only 7 people, whereas she has 30 in the budget (10 for Mends, 20 for PR) and that we cut our bonus accrual in half (my personal favorite).

Attached is a rough schedule outlining where the money comes from. I'll get something more presentable to you tomorrow that compares Revised Plan I to Revised Plan II. Let me know if you have any questions.

Phillip



Savings.xls